(ii) Identification of cases involving substantial amount of arrears pending before Commissioners (Appeals) and ITAT and requesting these authorities to dispose off such appeals early so that the demand can be collected during the current financial year itself.

(iii) Requesting the President of ITAT not to allow stay of demand beyond 180 days as prescribed in section 254(2A) of the Income-tax Act.

(iv) Requesting Settlement Commission to dispose off high demand cases expeditiously.

**Reduction in customs duty on petroleum products**

3752. SHRI D. RAJA: Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering a proposal to reduce the customs duty on petroleum products in order to control the domestic prices; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Customs duty rates on petroleum products are prescribed taking into account all material factors including the interests of the consumers and the products. There is no proposal under the consideration of the Government to reduce customs duty on petroleum products.

**Government's response to Sixth Pay Commission Report**

3753. SHRI D. RAJA: Will the Minister of FINANCE be pleased to state:

(a) What is Government's response to the Sixth Pay Commission Report submitted recently;

(b) by when it is going to be implemented;

(c) whether it is a fact that major trade unions in the country have opposed most of the recommendations in the Report; and

(d) if so, what are the recommendations which the trade unions have objections to and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Sixth Central Pay Commission's Report is under examination of the Government at present.

(c) No, Sir.

(d) Does not arise.

**Service Tax as a factor behind inflation**

†3754. SHRI BANWARI LAL KANCHHAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that one of the main causes of inflation is increasing rates of service tax;

† Original notice of the question was received in Hindi.

(b) whether Government would consider to fix the rate of service tax between 12.5 per cent to 7 per cent in order to check inflation;

(c) if so, by when; and

(d) if not, what will be the extent of loss of revenue to Government as a result thereof alongwith the details thereof, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Inflation measured in terms of wholesale Price Index reached 7.33 per cent as on April 12, 2008. Increase in prices of coal, mineral oil products, iron ore, and basic metals and alloys comprising iron and steel, foundries for casting and forgings and pipes and wires were among the factors contributing to inflation in recent weeks.

Service tax is levied at the rate of 12 per cent of the value of taxable services. CENVAT rate for manufactured goods is 14 per cent. It is the policy of the Government to converge the rates between goods and services consistent with the Government's declared intention of moving towards a composite Goods and Services Tax (GST) by April 2010. Service tax paid on services used as inputs in the manufacture of excisable goods is available as credit and is only a pass-through. At present, there is no proposal under consideration of the Government to revise the applicable rate for levy of service tax.

**Farmers' Debt Relief Fund**

3755. SHRIMATI SUPRIYA SULE:
SHRIMATI KANIMOZHI:

Will the Minister of FINANCE be pleased to state:

(a) whether giving a decisive push to implement the controversial Rs. 60,000 crore farm loan waiver scheme, Government has decided to set up a Farmers' Debt Relief Fund with an initial corpus of Rs. 10,000 crore;

(b) if so, whether Government would initiate to provide Rs. 10,000 crore to the fund which has been earmarked in the Supplementary Demands for Grants for 2007-08; and

(c) whether the fund would further be augmented by another Rs. 50,314 crore in next four years to compensate banks and other lending institutions on account of losses resulting from bad debts?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes, Sir. A Farmers' Debt Relief Fund has been created with an initial corpus of Rs. 10,000 crore in March 2008.

The Fund is to be augmented, as required, for reimbursing the Scheduled Commercial Banks, Regional Rural Banks and Cooperate Credit Institutions against the amount of debt waiver/relief granted by them as per the approved debt waiver and debt relief Scheme for farmers. As per present estimates, the Fund would be augmented by another Rs. 50,314 crore upto June 2011.

**Mandate for collecting Education Cess**

6. SHRI HARISH RAWAT: Will the Minister of FINANCE be pleased to state:

(a) the mandate for collecting the Education Cess;